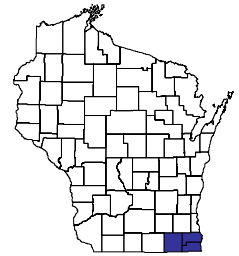


WORKFORCE OBSERVATIONS

For the southeast Wisconsin counties of Kenosha, Racine and Walworth



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Wisconsin Department of Workforce Development

Summer 2006

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Per Capita Personal Income

Local Area Personal Income

| | Total Personal Income (TPI) | | | Per Capita Personal Income (PCPI) | | |
|-----------------------|--------------------------------|-----------------|-----------------|--------------------------------------|---------------|---------------|
| | 2004 | 2003 | 1999 | 2004 | 2003 | 1999 |
| Southeast | \$14,017,953 | \$13,256,698 | \$11,347,365 | \$32,275 | \$30,829 | \$26,775 |
| Wisconsin | \$177,026,243 | \$167,785,798 | \$144,702,139 | \$32,166 | \$30,664 | \$27,135 |
| United States | \$9,705,504,000 | \$9,157,257,000 | \$7,796,137,000 | \$33,050 | \$31,484 | \$27,939 |
| Percent Change | | 1-year | 5-year | | 1-year | 5-year |
| Southeast | | 5.7% | 23.5% | | 4.7% | 20.5% |
| Wisconsin | | 5.5% | 22.3% | | 4.9% | 18.5% |
| United States | | 6.0% | 24.5% | | 5.0% | 18.3% |

Per capita personal income increased by 4.7 percent from 2003 to 2004 for Southeast Wisconsin. That compares to 4.9 percent for Wisconsin and 5.0 percent for the United States.

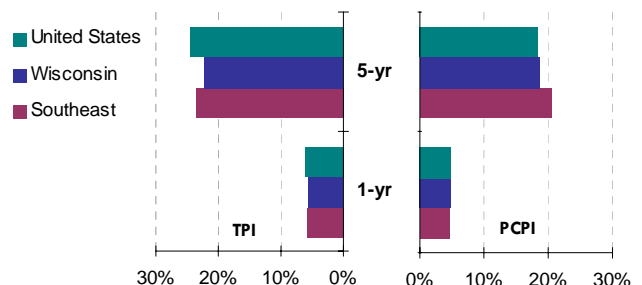
Personal Income increased by 5.7 percent for Southeast Wisconsin, 5.5 percent for Wisconsin and 6.0 percent for the United States.

Personal Income is the sum of all income earned by all individuals. Per Capita Personal Income is calculated from Personal Income and it is the income earned per individual. The amount of Per Capita Personal Income is affected by all residents whether they are employed or not. Most income is earned by residents age 18 and over. Per capita income includes all residents no matter their ages.

The chart to the right shows the makeup of Personal Income for the United States, Wisconsin and Southeast Wisconsin.

Income includes wages, self-employment income, interest, dividends, rent, and all monetary means of payment. The vast majority of income is derived from wages and self-employment income which is generally earned by residents 18 years old or older.

The most recognized transfer receipt is Social Security. It is a payment from a

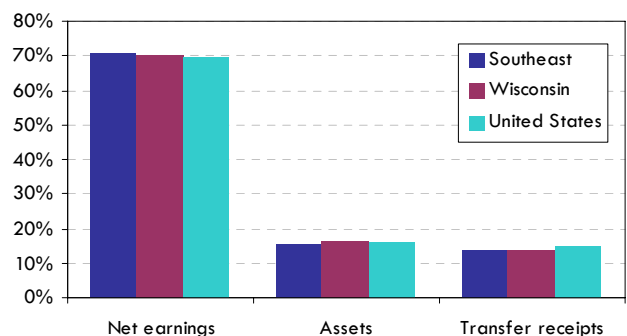


government or other group for which no service or good is required.

Assets are interest, dividends, pensions and similar payments.

Southeast Wisconsin has a slightly lower percent of transfer receipts and assets, and a higher level of net earnings when compared to Wisconsin and the United States.

Components of 2004 Total Personal Income



Source: US Dept. of Commerce, Bureau of Economic Analysis, May 2006

Direct questions-comments to:

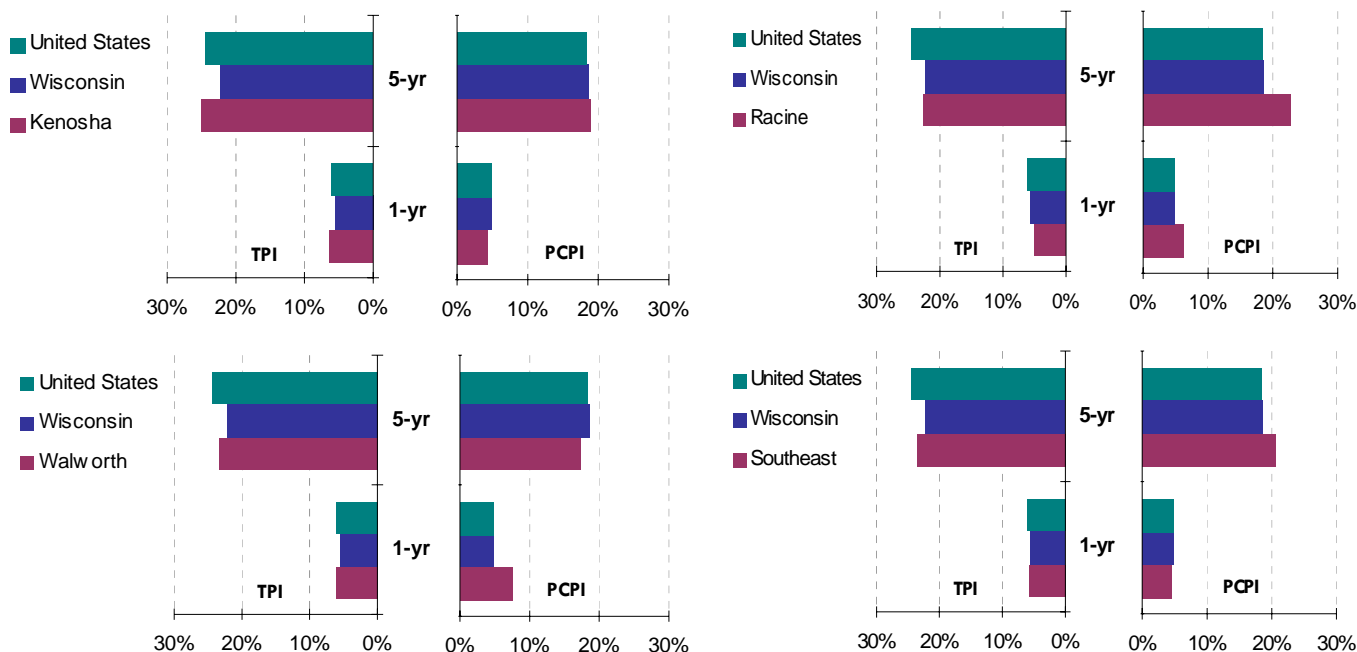
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| Per Capita Personal Income for Southeast Wisconsin Counties | | | | | | |
|-------------------------------------------------------------|-----------------------|-----------------------------------|----------|---------------------|-----------|-----------------|
| | Total Personal Income | Per Capita Personal Income (PCPI) | | PCPI Percent Change | | 2004 State Rank |
| | 2004 | 2004 | 2003 | 2003-2004 | 1999-2004 | |
| Wisconsin | \$177,026,243 | \$32,166 | \$30,664 | 4.9% | 12.6% | |
| Metropolitan Wis. | \$135,269,947 | \$34,002 | \$32,516 | 4.6% | 12.2% | |
| Non-metro Wis. | \$41,756,296 | \$27,378 | \$25,840 | 6.0% | 13.8% | |
| Kenosha | \$4,816,832 | \$30,389 | \$28,990 | 4.8% | 9.6% | 21 |
| Racine | \$6,347,766 | \$32,744 | \$31,374 | 4.4% | 13.8% | 8 |
| Walworth | \$2,853,355 | \$29,089 | \$27,747 | 4.8% | 6.6% | 29 |
| Southeast | \$14,017,953 | \$31,119 | \$29,749 | 4.6% | 10.8% | |

Source: US Dept. of Commerce, Bureau of Economic Analysis, May 2006



Reviewing the data for the three counties that make up Southeast Wisconsin in comparison with the State of Wisconsin, Racine County's Per Capita Personal Income is the highest of the three counties.

For 2004, Racine County is ranked as the eighth highest county in the State in Per Capita Personal Income and is about \$600 higher than the State Average. Kenosha County's Per Capita Personal income is about \$1,800 less than the state average and is ranked twenty-first. Walworth County's Per Capita Personal income is about \$3,100 less than the State of Wisconsin and is ranked twenty-eighth.

It may be beneficial to compare Walworth County to the non-metropolitan areas in Wisconsin since there are no large metropolitan areas in Walworth County. Using that comparison, Walworth's Per Capita Personal income is about \$1,700 higher than other non-metropolitan areas in Wisconsin.

Comparing Per Capita Personal Income in Racine County and Kenosha County to Metropolitan Wisconsin changes how these counties stack up as well. Instead of being about \$600 higher

than the state average, Racine is about \$1,300 lower. Kenosha County fares even worse. Kenosha's personal income is about \$1,800 less than Wisconsin but about \$3,600 less than Metropolitan Wisconsin. Comparing like things may result in a better comparison.

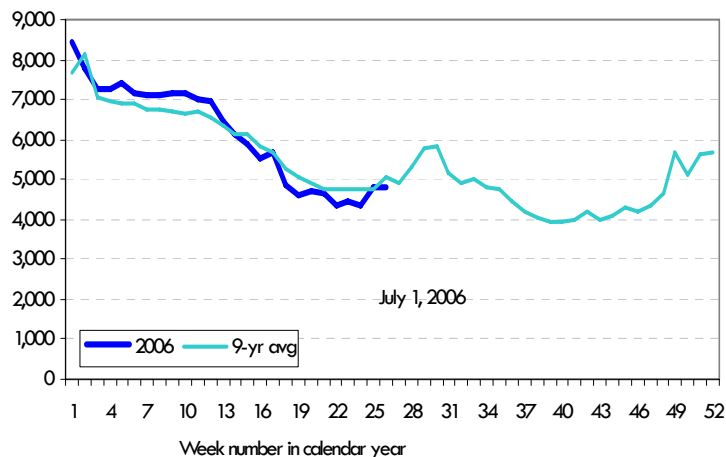
Racine County continues to show higher (total?) personal income level than either Kenosha or Walworth counties. This may be because of the larger number of Racine County residents employed in manufacturing. Manufacturing tends to have a higher compensation level than other industries.

Walworth County has a higher percentage of residents in the leisure and hospitality industry. That industry has traditionally had a lower wage scale than other industries.

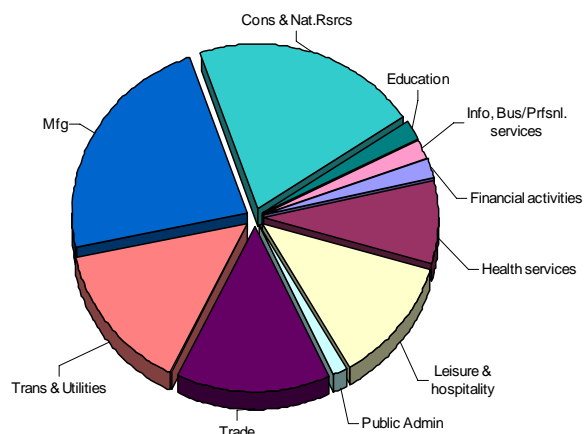
Earning make up the majority of Personal and Per Capita Personal Income. Industries like Manufacturing tend to have higher salaries than other industries like leisure and hospitality. As the employment makeup of Southeast Wisconsin changes, Personal Income may change and bares watching.

WORKFORCE OBSERVATIONS BY THE OFFICE OF ECONOMIC ADVISORS

**Initial Claims for Unemployment Benefits by Industry
2nd Quarter 2006 Southeast Wisconsin**



**Southeast Wisconsin Weekly Claims for Unemployment
Benefits by Industry**



Weekly claims for unemployment benefits for 2006 is fairly consistent with the nine year trend. Claims begin the year at their highest level, drop during the year until sometime in mid-summer when there is an upward blip. Since Southeast Wisconsin's primary industry continues to be manufacturing, this blip often corresponds to annual shutdown period for manufacturing companies for maintenance as well as summer holidays. The month of June sees the end of most school years which can also add to claims for unemployment.

If 2006 continues to follow the normal trend, unemployment will continue to drop until sometime in October which typically has the lowest unemployment rates. Following the low in October, claims begin to climb again for the rest of the year. It is interesting to note that while entrants into the labor force continue to rise, initial claims for unemployment are very close to their nine year average.

Labor Force changes 2nd Quarter 2006

| | Labor Force | # Of Employed | # of Unemployed | Unemployment Rate |
|-------------------------------------------------------|-------------|---------------|-----------------|-------------------|
| Southeast Wisconsin | 242,680 | 229,974 | 12,706 | 5.2% |
| Kenosha County | 84,695 | 80,174 | 4,521 | 5.3% |
| Racine County | 101,154 | 95,352 | 5,802 | 5.7% |
| Walworth County | 56,831 | 54,448 | 2,384 | 4.2% |
| City of Kenosha | 49,087 | 46,123 | 2,965 | 6.0% |
| City of Racine | 39,256 | 35,748 | 3,508 | 8.9% |
| Wisconsin | 3,085,335 | 2,936,986 | 148,349 | 4.8% |
| Change compared to previous Quarter | | | | |
| Southeast Wisconsin | 4,059 | 5,212 | -1,153 | -0.6% |
| Kenosha County | 1,887 | 2,060 | -174 | -0.3% |
| Racine County | 734 | 1,305 | -571 | -0.6% |
| Walworth County | 1,439 | 1,847 | -408 | -0.8% |
| City of Kenosha | 1,030 | 1,185 | -155 | -0.5% |
| City of Racine | 174 | 489 | -315 | -0.8% |
| Wisconsin | 42,510 | 59,174 | -16,664 | -0.6% |
| Change Compared to Same Quarter, Previous Year | | | | |
| Southeast Wisconsin | 3,627 | 3,943 | -316 | -0.2% |
| Kenosha County | 1,629 | 1,848 | -219 | -0.4% |
| Racine County | 1,651 | 1,857 | -206 | -0.3% |
| Walworth County | 347 | 238 | 109 | 0.2% |
| City of Kenosha | 890 | 1,063 | -173 | -0.5% |
| City of Racine | 412 | 696 | -284 | -0.8% |
| Wisconsin | 42,650 | 39,706 | 2,945 | 0.0% |

The second quarter of 2006 shows an increase in both labor force and employment numbers for the State of Wisconsin, Southeast Wisconsin, the counties and major metropolitan areas within Southeast Wisconsin.

Comparing second quarter 2006 to first quarter 2006, and second quarter 2005, shows that both the labor force and the number employed increased. The number employed increased more than the labor force which led to a decrease in the unemployment rate for all geographic areas.

For example, Southeast Wisconsin's second quarter labor force increased 4,059 from the first quarter 2006. The number employed increase by 5,212 which helped in a decrease in the unemployment rate of .6%.

The Labor Force table to the left shows that most areas being considered had a decrease in unemployment. Only two areas showed either no change or an increase. The State of Wisconsin, had the same unemployment rate for both quarters and Walworth's unemployment rate increased by .2%.

WORKFORCE OBSERVATIONS BY THE OFFICE OF ECONOMIC ADVISORS

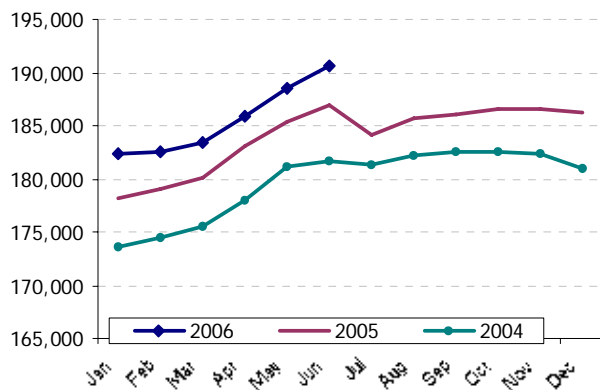
Job Review by Industry

2nd Quarter 2006

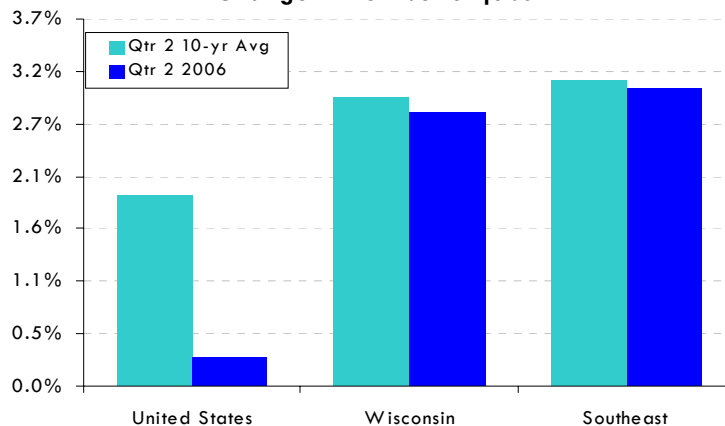
| | Actual Number | | | Percent of Total | | | Number Change | | Percent Change | |
|-----------------------------------------------------------------|---------------|-----------|--------------|------------------|---------|--------------|---------------|-------------|----------------|-------------|
| | 2nd Qtr | 1st Qtr | 2nd Qtr 2005 | 2nd Qtr | 1st Qtr | 2nd Qtr 2005 | Qtr Change | Year Change | Qtr Change | Year Change |
| Southeast WI | | | | | | | | | | |
| Total Nonfarm | 188,301 | 182,799 | 185,105 | | | | 5,502 | 3,196 | | |
| Construction, Mining and Natural Resources | 8,136 | 6,879 | 8,127 | 4.3% | 3.8% | 4.4% | 1,258 | 10 | 0.6% | -0.1% |
| Manufacturing | 38,812 | 38,725 | 38,705 | 20.6% | 21.2% | 20.9% | 87 | 107 | -0.6% | -0.3% |
| Trade | 27,369 | 26,999 | 27,319 | 14.5% | 14.8% | 14.8% | 370 | 50 | -0.2% | -0.2% |
| Transportation, Warehousing and Utilities | 5,458 | 5,351 | 5,301 | 2.9% | 2.9% | 2.9% | 106 | 157 | 0.0% | 0.0% |
| Financial Activities | 5,610 | 5,503 | 5,599 | 3.0% | 3.0% | 3.0% | 107 | 11 | 0.0% | 0.0% |
| Education and Health Services | 24,319 | 24,021 | 23,874 | 12.9% | 13.1% | 12.9% | 298 | 445 | -0.2% | 0.0% |
| Leisure & Hospitality | 21,846 | 19,940 | 21,215 | 11.6% | 10.9% | 11.5% | 1,906 | 631 | 0.7% | 0.1% |
| Information, Professional and Business Services, Other Services | 29,943 | 28,916 | 27,502 | 15.9% | 15.8% | 14.9% | 1,027 | 2,441 | 0.1% | 1.0% |
| Government | 26,808 | 26,465 | 27,464 | 14.2% | 14.5% | 14.8% | 343 | -657 | -0.2% | -0.6% |
| Kenosha | | | | | | | | | | |
| Total Nonfarm | 62,788 | 61,165 | 60,285 | | | | 1,622 | 2,502 | | |
| Construction, Mining and Natural Resources | 2,256 | 1,942 | 2,245 | 3.6% | 3.2% | 3.7% | 314 | 12 | 0.4% | -0.1% |
| Manufacturing | 10,534 | 10,575 | 10,540 | 16.8% | 17.3% | 17.5% | -41 | -7 | -0.5% | -0.7% |
| Trade | 8,288 | 8,125 | 8,316 | 13.2% | 13.3% | 13.8% | 163 | -28 | -0.1% | -0.6% |
| Transportation, Warehousing and Utilities | 2,113 | 2,093 | 1,951 | 3.4% | 3.4% | 3.2% | 20 | 161 | -0.1% | 0.1% |
| Financial Activities | 1,766 | 1,730 | 1,719 | 2.8% | 2.8% | 2.9% | 36 | 47 | 0.0% | 0.0% |
| Education and Health Services | 9,216 | 9,086 | 8,871 | 14.7% | 14.9% | 14.7% | 130 | 344 | -0.2% | 0.0% |
| Leisure & Hospitality | 6,749 | 6,600 | 6,735 | 10.7% | 10.8% | 11.2% | 149 | 14 | 0.0% | -0.4% |
| Information, Professional and Business Services, Other Services | 12,234 | 11,831 | 10,028 | 19.5% | 19.3% | 16.6% | 403 | 2,206 | 0.1% | 2.9% |
| Government | 9,632 | 9,184 | 9,880 | 15.3% | 15.0% | 16.4% | 448 | -248 | 0.3% | -1.0% |
| Racine | | | | | | | | | | |
| Total Nonfarm | 81,600 | 80,333 | 80,700 | | | | 1,267 | 900 | | |
| Construction, Mining and Natural Resources | 3,767 | 3,433 | 3,800 | 4.6% | 4.3% | 4.7% | 333 | -33 | 0.3% | -0.1% |
| Manufacturing | 19,067 | 18,933 | 18,900 | 23.4% | 23.6% | 23.4% | 133 | 167 | -0.2% | -0.1% |
| Trade | 13,300 | 13,267 | 13,267 | 16.3% | 16.5% | 16.4% | 33 | 33 | -0.2% | -0.1% |
| Transportation, Warehousing and Utilities | 2,233 | 2,200 | 2,233 | 2.7% | 2.7% | 2.8% | 33 | 0 | 0.0% | 0.0% |
| Financial Activities | 2,633 | 2,600 | 2,700 | 3.2% | 3.2% | 3.3% | 33 | -67 | 0.0% | -0.1% |
| Education and Health Services | 10,533 | 10,467 | 10,567 | 12.9% | 13.0% | 13.1% | 67 | -33 | -0.1% | -0.2% |
| Leisure & Hospitality | 7,367 | 7,033 | 7,033 | 9.0% | 8.8% | 8.7% | 333 | 333 | 0.3% | 0.3% |
| Information, Professional and Business Services, Other Services | 12,067 | 11,867 | 11,967 | 14.8% | 14.8% | 14.8% | 200 | 100 | 0.0% | 0.0% |
| Government | 10,633 | 10,533 | 10,233 | 13.0% | 13.1% | 12.7% | 100 | 400 | -0.1% | 0.4% |
| Walworth | | | | | | | | | | |
| Total Nonfarm | 43,913 | 41,300 | 44,119 | | | | 2,613 | -206 | | |
| Construction, Mining and Natural Resources | 2,113 | 1,503 | 2,082 | 4.8% | 3.6% | 4.7% | 610 | 31 | 1.2% | 0.1% |
| Manufacturing | 9,211 | 9,216 | 9,264 | 21.0% | 22.3% | 21.0% | -5 | -53 | -1.3% | 0.0% |
| Trade | 5,781 | 5,607 | 5,737 | 13.2% | 13.6% | 13.0% | 174 | 45 | -0.4% | 0.2% |
| Transportation, Warehousing and Utilities | 1,112 | 1,059 | 1,116 | 2.5% | 2.6% | 2.5% | 53 | -4 | 0.0% | 0.0% |
| Financial Activities | 1,211 | 1,173 | 1,180 | 2.8% | 2.8% | 2.7% | 38 | 31 | -0.1% | 0.1% |
| Education and Health Services | 4,570 | 4,469 | 4,436 | 10.4% | 10.8% | 10.1% | 101 | 134 | -0.4% | 0.4% |
| Leisure & Hospitality | 7,730 | 6,307 | 7,446 | 17.6% | 15.3% | 16.9% | 1,423 | 284 | 2.3% | 0.7% |
| Information, Professional and Business Services, Other Services | 5,642 | 5,218 | 5,507 | 12.8% | 12.6% | 12.5% | 424 | 135 | 0.2% | 0.4% |
| Government | 6,542 | 6,747 | 7,351 | 14.9% | 16.3% | 16.7% | -205 | -809 | -1.4% | -1.8% |
| Wisconsin | | | | | | | | | | |
| Total Nonfarm | 2,806,633 | 2,884,433 | 2,768,467 | | | | -77,800 | 38,167 | | |
| Construction, Mining and Natural Resources | 124,200 | 141,300 | 114,500 | 4.4% | 4.9% | 4.1% | -17,100 | 9,700 | -0.5% | 0.3% |
| Manufacturing | 502,367 | 506,167 | 498,267 | 17.9% | 17.5% | 18.0% | -3,800 | 4,100 | 0.4% | -0.1% |
| Trade | 425,700 | 430,467 | 423,300 | 15.2% | 14.9% | 15.3% | -4,767 | 2,400 | 0.2% | -0.1% |
| Trans., Warehouse & Utilities | 102,967 | 106,800 | 105,933 | 3.7% | 3.7% | 3.8% | -3,833 | -2,967 | 0.0% | -0.2% |
| Financial Activities | 157,200 | 159,167 | 158,033 | 5.6% | 5.5% | 5.7% | -1,967 | -833 | 0.1% | -0.1% |
| Education and Health Services | 390,767 | 396,533 | 378,833 | 13.9% | 13.7% | 13.7% | -5,767 | 11,933 | 0.2% | 0.2% |
| Leisure & Hospitality | 249,333 | 268,133 | 235,133 | 8.9% | 9.3% | 8.5% | -18,800 | 14,200 | -0.4% | 0.4% |
| Information, Professional and Business Services, Other Services | 436,833 | 454,233 | 436,067 | 15.6% | 15.7% | 15.8% | -17,400 | 767 | -0.2% | -0.2% |
| Government | 417,267 | 421,633 | 418,400 | 14.9% | 14.6% | 15.1% | -4,367 | -1,133 | 0.2% | -0.2% |

Second Quarter Economic Indicators

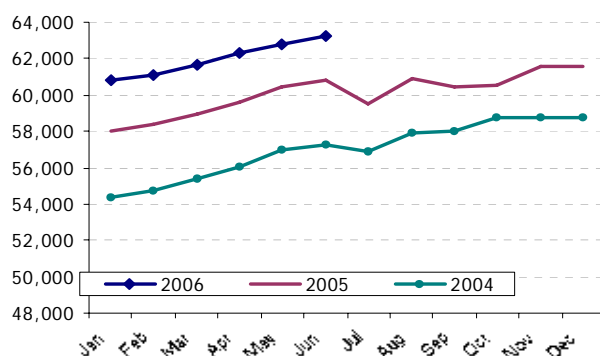
Total Nonfarm Jobs in Southeast Wisconsin



Change in number of jobs



Total Nonfarm Jobs in Kenosha Wisconsin



Job Growth in Southeast Wisconsin

Southeast Wisconsin added jobs at a higher percentage rate than either the State of Wisconsin or the United States. Southeast Wisconsin added about 4,000 jobs between May 2006 to June 2006. These jobs were primarily in Kenosha and Racine Counties. Each of those counties added about 2,000 jobs. Walworth County added a few jobs.

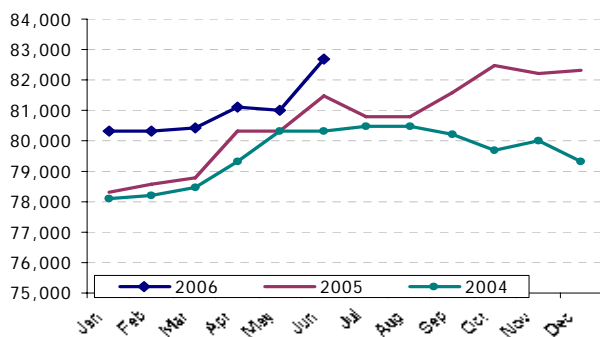
Job Growth

The charts to the left indicate the short-term job growth for Southeast Wisconsin. The charts compare monthly job growth for 2004, 2005 and the first half of 2006. While all three counties have shown continued growth each month, their patterns are different.

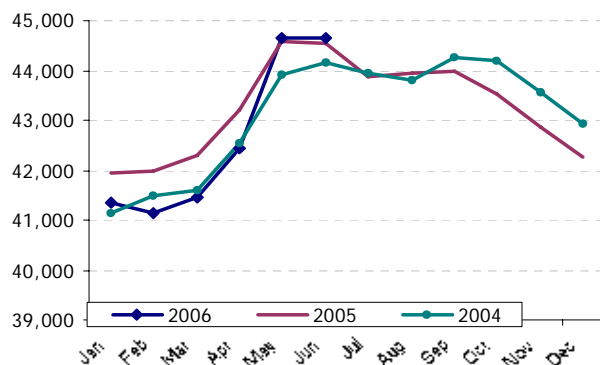
Walworth grew at a much faster rate earlier this year. Kenosha County shows consistent growth which is similar to their growth for with their growth patterns for 2004 and 2005.

Racine's growth was moderate for most of the year and then demonstrated a sharp increase in jobs for the month of June. Racine's pattern is consistent with June 2005 but not with the first few months of 2005.

Total Nonfarm Jobs in Racine Wisconsin



Total Nonfarm Jobs in Walworth Wisconsin



The second quarter ten year average is much lower for United States than their ten year average, but higher for the State of Wisconsin and Southeast Wisconsin. Wisconsin and Southeast Wisconsin are much closer to their ten year average than the United States.

The average for the last ten years for the United States was about 1.9 percent. For the second quarter 2006, it was about .3%, a drop of about 84%. Neither the State of Wisconsin nor Southeast Wisconsin grew at their ten year average but both were off by only about .1% which, while it bears watching, is only down about 3.3%.

It may take a while for job changes to work their way to Wisconsin which is why job growth could be an issue but for now, the State of Wisconsin and Southeast Wisconsin are very close to their ten year average second quarter job growth.

Consumer Price Index

Both the Consumer Price Index and the Employment Cost Index increased for the second quarter 2006 which follows the 10 year trend for both measurements.

Comparing the individual quarter changes to the 10 year trend shows much more volatility on a yearly basis as may be expected. Over the 4 quarters displayed on the chart to the right, the ten year trend changes less than .5 percent. The line representing the last four quarters fluctuate much more. Second quarter of 2006 shows an upward movement similar to the ten year trend however, the rate is much higher for the second quarter of 2006 that it is over the preceding 10 years.

The Consumer Price Index shows there is a significant difference between the United States and cities in the Midwest. The increase from the first to second quarter for the United States was 1.7 percent which is 4 percent higher than the second quarter of 2005. Both large and small Midwest cities had an increase of .2 percent which was 3.5 percent higher for larger cities and 3.7 percent for smaller cities. Midwest cities show a smaller increase in the Consumer Price Index than the United States as a whole.

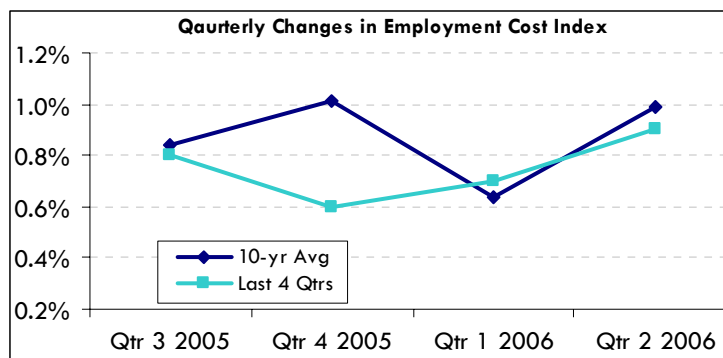
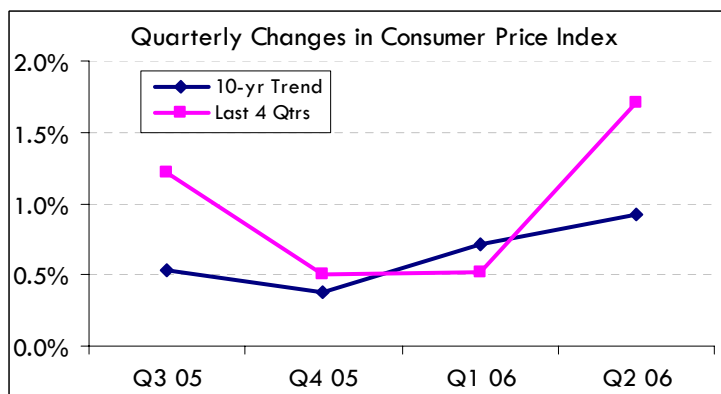
Quarterly Change in Employment Cost Index

Changes in the Employment Cost Index for the first two quarters of 2006 are very close to the 10 year average. The increases for both the first and second quarters are almost the same as the ten year average. Looking back to 2005, the fourth quarter of 2005 was substantially different than the 10 year average but that trend did not continue into 2006.

Comparing the Consumer Price Index with the Employment Index gives allows a measure of comparison between how prices are changing and how wages are keeping up.

Again there is a difference between the United States and both large and small Midwest cities. The over all change in consumer prices for the second quarter of 2005 to the second quarter 2006 for the United States shows an increase of 4 percent. During that same time period, civilian compensation increased by 2.8 percent while benefits increased by 3.4 percent.

There isn't a breakout of wages for cities in the Midwest but looking at the differences between the Consumer Price Index for the United States and Midwest cities, the difference between the Consumer Price Index and the Employment Cost Index may not be as great as it is for the United States as a whole.



| | Change over previous quarter | | | | over yr |
|----------------------------------------------------------------------|------------------------------|---------------|---------------|---------------|---------------|
| | Qtr 3 2005 | Qtr 4 2005 | Qtr 1 2006 | Qtr 2 2006 | Qtr 2 2005 |
| Consumer Price Index - All items (not seasonally adjusted) | | | | | |
| United States | 1.2% | 0.5% | 0.5% | 1.7% | 4.0% |
| Midwest cities (50,000-1.5 million pop.) | 1.5% | 1.6% | 0.2% | 0.2% | 3.5% |
| Midwest cities (less than 50,000 pop.) | 1.4% | 1.7% | 0.3% | 0.2% | 3.7% |
| Employment Cost Index (not seasonally adjusted) | | | | | |
| Civilian total compensation | 0.8% | 0.6% | 0.7% | 0.9% | 3.0% |
| Private industry total compensation | 0.6% | 0.5% | 0.8% | 0.9% | 2.8% |
| Local & state govt. total compensation | 2.0% | 0.9% | 0.5% | 0.4% | 3.8% |
| Civilian wages | 0.7% | 0.6% | 0.7% | 0.8% | 2.8% |
| Private wages | 0.6% | 0.5% | 0.7% | 1.0% | 2.8% |
| Local & state government wages | 1.3% | 0.9% | 0.3% | 0.5% | 3.1% |
| Civilian benefits | 1.2% | 0.5% | 0.9% | 0.7% | 3.4% |
| Private industry benefits | 0.7% | 0.3% | 1.0% | 0.7% | 2.7% |
| Local & state government benefits | 3.1% | 1.0% | 0.7% | 0.6% | 5.5% |

Source: US Bureau of Labor Statistics